

## **Best Value Focus from the Accounts Commission**

**Dr Grace Vickers, Chief Executive**

### **Report for Information**

#### **1 Recommendations**

Council is recommended to:

- i. note the changes introduced by the Accounts Commission for Best Value reporting including:
  - a. planned *thematic audit work across all councils using the revised Best Value themes* and
  - b. the introduction of *short reports (Section 102 reports) for each council over a four-year period, to be presented to the Accounts Commission by the Controller of Audit.*
- ii. Consider recommending an Elected Members briefing on Best Value be held early next year.

#### **2 Purpose of Report/Executive Summary**

To provide Council with an update on the assessment and reporting focus for Best Value moving forward and to ensure awareness of the revision to the statutory guidance for Best Value published in 2020.

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### **3 Background**

- 3.1** Local authorities in Scotland are required to comply with the Local Government in Scotland Act 2003, which introduced a statutory framework for Best Value for local authorities. The Best Value duties set out in the Act are:
- to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development
  - to achieve break-even trading accounts, subject to mandatory disclosure
  - to observe proper accounting practices
  - to make arrangements for the reporting to the public of the outcome of the performance of functions.
- 3.2** Best Value has been in place since 2004, identifying the characteristics of Best Value to help local authorities develop arrangements to demonstrate continuous improvement in their performance.
- 3.3** Midlothian Council achieves delivery of Best Value through a framework of processes, controls and scrutiny which ensures that services are efficient and effectively managed and delivered in compliance with Best Value requirements.
- 3.4** Key elements demonstrating the council's compliance with Best Value have been, and will continue to be:
- A robust approach to the management of financial resources, including the Medium Term Financial Strategy (MTFS)
  - A well-established performance management framework that is aligned to strategic goals and priorities
  - An established system of officer and elected member scrutiny and a comprehensive Local Code of Corporate Governance
  - Comprehensive Standing Orders in line with Section 81 of the Local Government (Scotland) Act 1973
- 3.5** In July 2019, the council's Best Value Assurance Report (BVAR) was published by the Accounts Commission recognised that the Council had delivered a number of ambitious projects since the Council's last Best Value report in 2012, in particular in relation to schools, community campuses, housing and transport.
- 3.6** Recommendations detailed in the BVAR, and noted below, were used to develop an improvement action plan:

1. As a matter of urgency, officers and elected members need to work together to develop and agree the medium-term financial strategy and progress the council's transformation plans.
2. The council needs to develop and sustain more constructive relationships between members and between members and officers. It needs to implement effective cross-party governance arrangements to ensure that it delivers the medium-term financial strategy and transformation plans.
3. The council needs to ensure that workforce planning reflects the medium-term financial strategy.
4. The council should undertake a review of its capital programme, to ensure that the timeframes for delivery are achieved going forward and that monitoring and reporting mechanisms are enhanced to drive more accurate analysis and planning around capital work.
5. The council need to continue to implement financial planning arrangements to address budget gaps, underpinned by robust financial budgeting and monitoring arrangements.
6. The council should refine its vision in light of the outcome of consultation work through the Services with Communities transformation workstream and to ensure that it focuses its activity most effectively.
7. Elected members need to exercise appropriate scrutiny at all times, take ownership for personal development plans and take up relevant training opportunities.
8. The council should continue to build on positive elements of community empowerment. It should look to increase community ownership of local neighbourhood plans and work with communities to improve how they monitor progress.

- 3.7** The Best Value Improvement Action Plan is largely complete with the exception of the actions linked to recommendation 3 above which are being considered further by the Hybrid Working Board following the transition to hybrid working following the pandemic.
- 3.8** Best Value guidance from the Scottish Government helps authorities to develop arrangements which will demonstrate continuous improvement in their performance. The previous guidance had been in place since 2004, and in March [2020 revised statutory guidance](#) was produced which was felt to better reflect the significantly changed policy and public service delivery landscape within which local government bodies now operate.
- 3.9** The revised guidance reflects that achieving Best Value is increasingly dependent upon the effectiveness of partnerships and collaborative working arrangements, in addition to how well a council manages its own activities. Since the original Best Value guidance was published in 2004, there has been an increased focus on partnership and collaborative working across the public sector, with more of a requirement to work jointly to deliver shared outcomes. The revised guidance also reflects an increased emphasis on citizens and

personalised services, a focus on outcomes, and a need for innovation in designing public services for the future.

- 3.10** Alignment of key plans and strategies with partners, an understanding of place, a commitment to reducing inequalities, empowering communities to effect change, and being able to measure improved outcomes for people who use services have increasingly become key requirements in demonstrating the achievement of Best Value.
- 3.11** There are five themes in the revised guidance which broadly replace the previous themes used as follows:
- Vision and Leadership
  - Governance and Accountability
  - Effective Use of Resources
  - Partnerships and Collaborative Working
  - Working With Communities
- 3.12** When mapping the previous Best Value themes to the new themes contained in the most recent statutory guidance it is clear that the scope of Best Value as well as the environment in which local authorities deliver services has changed significantly. The substance of the original guidance and themes around value for money, procurement and commissioning, performance and governance and accountability remain integral to the demonstration of Best Value while the increased focus on vision and leadership, partnerships and collaborative working reflect the current public service landscape more fully.
- 3.13** There are a further two cross-cutting themes in the latest Best Value guidance that a local government body is advised to embrace across all of its activities. These are:
- Sustainable Development
  - Fairness and Equality
- 3.14** The key requirements in demonstrating the achievement of Best Value against the seven themes identified in 3.11 and 3.13 are summarised as follow:
1. **Vision and Leadership** - Effective political and managerial leadership is central to delivering Best Value, through setting clear priorities and working effectively in partnership to achieve improved outcomes. Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation.
  2. **Governance and Accountability** - Effective governance and accountability arrangements, with openness and transparency in decision-making, schemes of delegation and effective reporting of performance, are essential for taking informed decisions, effective scrutiny of performance and stewardship of resources.

3. **Effective Use of Resources** - Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a local authority will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.
4. **Partnerships and Collaborative Working** - The public service landscape in Scotland requires local authorities to work in partnership with a wide range of national, regional and local agencies and interests across the public, third and private sectors.

A local authority should be able to demonstrate how it, in partnership with all relevant stakeholders, provides effective leadership to meet local needs and deliver desired outcomes. It should demonstrate commitment to and understanding of the benefits gained by effective collaborative working and how this facilitates the achievement of strategic objectives.

Within joint working arrangements, Best Value cannot be measured solely on the performance of a single organisation in isolation from its partners. A local authority will be able to demonstrate how its partnership arrangements lead to the achievement of Best Value.

5. **Working with Communities** - Local authorities, both individually and with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives. Community bodies – as defined in the Community Empowerment Act 2015 (section 4(9)) – must be at the heart of decision making processes that agree strategic priorities and direction.
6. **Sustainable Development** - Sustainable development is commonly defined as securing a balance of social, economic and environmental wellbeing in the impact of activities and decisions, and seeking to meet the needs of the present without compromising the ability of future generations to meet their own needs. The United Nations Sustainable Development Goals provide a fuller definition and set out an internationally agreed performance framework for their achievement.

Sustainable development is a fundamental part of Best Value. It should be reflected in a local authority's vision and strategic priorities, highlighted in all plans at corporate and service level, and a guiding principle for all of its activities. Every aspect of activity in a local authority, from planning to delivery and review, should contribute to achieving sustainable development.

7. **Fairness and Equality** - Tackling poverty, reducing inequality and promoting fairness, respect and dignity for all citizens should be key priorities for local authorities and all of their partners, including local communities.

- 3.15 The Accounts Commission Strategy 2021-26 sets out plans to introduce a new approach to auditing Best Value in councils from the 2022/23 financial year audit. It is intended that Best Value audit work will be fully integrated into annual audit work with the outcome of Best Value work being reported through Annual Audit Reports. These will be reviewed by the Accounts Commission to provide them with assurance on Best Value in each individual council.

## 4 Accounts Commission changes to Best Value Reporting

- 4.1 A publication on the Accounts Commission website dated 11 November 2022, [‘Why Best Value matters, now more than ever’](#) noted changes being introduced for Best Value Reporting as follows:

*Auditors will be reporting annually to the Commission on specific themes. We hope this will facilitate the exchange of ideas and performance data, as well as offering a detailed analysis of a specific aspect of the work of all councils. The first theme will be leadership.*

*We are clear that leadership is at the centre of the difficult decisions councils need to make on future priorities and how services will be delivered. That’s why leadership – from both councillors and senior officers - will be the initial focus of our thematic audit work across all councils. Without strong leadership, councils will struggle.*

*Another change, from October 2023, will see short reports (Section 102 reports), presented to the Accounts Commission by the Controller of Audit. There will be one s102 for each council over a four-year period. This commitment maintains a regular and consistent focus on the performance of all of Scotland’s 32 councils. It is an important principle for the Commission.*

- 4.2 Corporate Management Team should be aware of the changes being introduced for thematic reports produced by Audit Scotland and the council specific Section 102 report to be produced over the four-year period and, given this change to the assessment of Best Value, note that further information will be provided following engagement with our newly appointed external auditor.

## 5 Report Implications (Resource, Digital and Risk)

### 5.1 Resource

No additional resources are required as result of this report, however future planning activities will consider any future resource requirements.

## **5.2 Digital**

There are no Digital issues arising from this report.

## **5.3 Risk**

The Council has a statutory duty to deliver Best Value.

## **5.4 Ensuring Equalities (if required a separate IIA must be completed)**

Whilst equalities is a key requirement for Best Value organisations, there are no direct equalities issues to be considered for this report.

## **5.5 Additional Report Implications (See Appendix A)**

See Appendix A

## **Appendices**

**Appendix A – Additional Report Implications**

**Appendix B – Background information/Links**

## **APPENDIX A – Report Implications**

### **A.1 Key Priorities within the Single Midlothian Plan**

Midlothian Council and its Community Planning Partners have made a commitment to treat the following areas as key priorities under the Single Midlothian Plan:

- Reducing inequalities in learning outcomes
- Reducing inequalities in health outcomes
- Reducing inequalities in economic circumstance
- Reducing the impact of climate change

Best Value guidance identifies two cross-cutting themes which Best Value organisations should fully embrace across all activities by which they deliver their outcomes. The cross-cutting themes are Sustainable Development and Fairness and Equality.

### **A.2 Key Drivers for Change**

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Hub and Spoke
- ☐ Modern
- ☒ Sustainable
- ☐ Transformational
- ☐ Preventative
- ☐ Asset-based
- ☒ Continuous Improvement
- ☐ One size fits one
- ☐ None of the above

### **A.3 Key Delivery Streams**

Key delivery streams addressed in this report:

- ☐ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☐ Innovative and Ambitious
- ☐ None of the above

### **A.4 Delivering Best Value**

The Council's approach to transformation and continuous improvement continues to focus on Best Value.

### **A.5 Involving Communities and Other Stakeholders**



The revised guidance for Best Value includes themes relating to Partnerships and Collaborative Working and Working with Communities.

#### **A.6 Impact on Performance and Outcomes**

The duty of Best Value in Public Services is as follows:

- to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development

The above considerations informed both the Medium Term financial Strategy and transformation activities.

#### **A.7 Adopting a Preventative Approach**

The Best Value duty supports the need to consider preventative approaches where appropriate and possible.

#### **A.8 Supporting Sustainable Development**

Sustainability is a key requirement for Best Value organisations and this informs the continuous improvement activities across Council.

## APPENDIX B

### Background Papers/Resource Links (insert applicable papers/links)

1. Best Value Assurance Report Midlothian Council  
[https://www.audit-scotland.gov.uk/uploads/docs/report/2019/bv\\_190704\\_midlothian.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2019/bv_190704_midlothian.pdf)